

LEGISLATIVE AUDIT DIVISION

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MEMORANDUM

TO: Legislative Audit Committee Members

FROM: Lon Whitaker, Information Systems Auditor

DATE: February 10, 2000

RE: Housing Authority Payment Plan Yearly System (00DP-05) Audit

Introduction

We performed an information systems audit of the Housing Authority Payment Plan Yearly (HAPPY) system, which operates on a microcomputer network, at the Housing Division of the Department of Commerce. The Housing Division, established in July 1995, consolidated the Board of Housing and its programs, the Section 8 Housing Program and the Home Investment Partnerships Program.

Section 8 is a federally funded housing program that helps low-income families and individuals obtain acceptable housing. We reviewed controls over HAPPY, which stores and processes information relating to the Section 8 program. This includes confidential information such as social security number, address, and income data. The system calculates payments based on data input by Program Specialists using Housing and Urban Development (HUD) criteria. The system creates a payment file that is transferred to the State Accounting, Budget, and Human Resource System (SABHRS) for the printing of warrants that are issued to the landlords. HAPPY was installed in July 1999. The system provides for both the functions of tracking housing applicants placed on a waiting list and providing information for administering participant's accounts once they become subsidized.

Audit Objectives

The objective of this audit was to provide assurance over the accuracy, reliability, and integrity of the information processed on the department's HAPPY system. We also reviewed the program's compliance with applicable department policy, state law, and federal regulations, and evaluated controls over the interface between HAPPY and SABHRS.

Audit Scope and Methodology

In performing the audit work, the audit staff applied audit standards set forth by the United States General Accounting Office. We evaluated controls implemented over HAPPY by comparing the department's controls against criteria established by the American Institute of Certified Public Accountants and the electronic data processing industry.

We reviewed electronic access controls to determine if access privileges are granted according to users' responsibility for entering applicant information, granting assistance, and maintaining application software. We reviewed policies in relation to the input, processing and output controls over applicant data. For example, we reviewed data entry and processing of applications for rental assistance by verifying that file documentation agreed with data input on the system and that assistance was calculated accurately. We reviewed the conversion process as well as the supporting documentation. The review included an evaluation of department controls to ensure all data was converted accurately and completely. We also reviewed controls over the interface with SABHRS to verify the data transmitted from HAPPY is accurate and complete.

Based on testing, we determined HAPPY input, processing, output, and access controls are reasonable and effective to ensure data processed on HAPPY is complete and accurate.

The audit reviewed application processing for applicable department policies and state and federal laws. We also reviewed applicant and participant files and data on HAPPY to ensure compliance with Housing and Urban Development (HUD) record keeping and verification regulations.

We determined that HAPPY is in compliance with applicable department, state, and federal regulations.

Audit Summary

During the audit, we identified password parameters and user profile concerns deemed not to have a significant effect on the successful operations of the Section 8 program. Currently, HAPPY is a closed system with a limited number of users that have access to the data. The department has stated that they intend to distribute the system to all of its field agents. The issues noted will become more significant when distribution takes place. The concerns are not specifically included in a report, but have been discussed with Housing Division management.

We would like to thank the agency for their help in performing the audit.



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February 14, 2000

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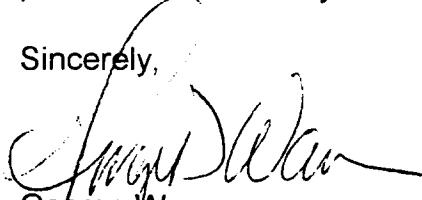
We received your memo dated February 10, 2000, addressed to Legislative Audit Committee members concerning the DP audit of our HAPPY software.

We would like to thank you and the other staff members who participated in the conduct of this audit. We welcomed the audit, as the HAPPY software was recently installed, and this gives us an opportunity to get an objective outside view of how well the software is performing. We are very pleased with the results of the audit, as it gives all of the personnel who work with the software confidence in the new system. This usually takes a lot more time, since reviews from outside sources do not often happen this early after installation of new software, and we are only able to gauge performance and gain trust and confidence in software after a much longer period.

We are working on password parameters and user profiles with the software vendor, and are assured that they will be included in a future software upgrade, so we will maintain a secure operation when we start using the software at local field agent locations.

We would like to thank you for assisting us in managing the Section 8 Program by providing us valuable information concerning our new software. We also appreciate the professional manner you and your staff exhibited in conducting this audit.

Sincerely,


George Warn
Section 8 Program Manager


Maureen J. Rude
Housing Division Administrator